

PRESS RELEASE: April 07, 2010

Contact Information
Cecelia M. Carter, Executive Director
Seattle City Employees' Retirement System
Telephone Number: (206) 386-1292

Seattle City Employees' Retirement System

Takes Legal Action

In 2004 SCERS entered into an investment agreement with a fund called Epsilon Global Active Value Fund II. The Retirement System invested a total of \$20 million dollars into Epsilon Fund II. Over the course of the engagement, the Retirement System has received monthly account statements indicating an account value which as of January 31, 2010 is reported at \$24.8 million dollars.

Epsilon Fund II is a hedge fund managed by Epsilon Investment Management, LLC. Notwithstanding the reported value, Epsilon Global Active Value Fund II has failed to release its 2008 Audited Financials as required in the investment documents. Therefore, the Retirement System's management recommended to the Board's Investment Committee that SCERS request redemption of the Retirement System's shares in Epsilon Fund II. The Board concurred and ratified the authorization to request redemption of the Retirement System's shares. Five days after the redemption request was filed; Epsilon Management indicated that at this time they are suspending subscriptions and redemptions.

Therefore, the Board decided to take legal action to protect the System's investment.

The Retirement System initially sought and was granted relief through the Superior Court of King County. The case is currently in the U.S. District Court Western District of Washington.